

**MINUTES OF THE  
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE  
Monday, February 1, 2010  
Room 415, State Capitol Building, State Capitol Complex**

**MEMBERS PRESENT:** Sen. Dennis Stowell, Co-Chair  
Rep. Kerry W. Gibson, Co-Chair  
Sen. Brent Goodfellow  
Sen. David Hinkins  
Rep. Roger Barrus  
Rep. Jack Draxler  
Rep. James R. Gowans  
Rep. John G. Mathis  
Rep. Michael E. Noel  
Rep. Christine Watkins  
Rep. Bill Wright

**STAFF:** Ivan Djambov, Fiscal Analyst  
Linda Service, Committee Secretary

**Note:** A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Stowell called the meeting to order at 2:25 p.m.

**MOTION:** Rep. Draxler moved to approve the minutes of January 27, 2010. The motion passed unanimously with Sen Hinkins absent for the vote.

**Forestry, Fire, and State Lands: Analyst Presentation**

The Analyst briefly commented on the Forestry, Fire, and State Lands, Budget Brief. The Division manages the state's sovereign lands and provides forestry conservation and fire control activities on non-federal forest, range, and watershed lands. The Division manages eight programs: Division Administration, Fire Management, Fire Suppression Emergencies, Lands Management, Forest Management, Program Delivery, Lone Peak Center, and Project Management.

The Analyst noted there are two recommendations for funding: (1) To meet the demands of increased lease applications, as well as to ensure good management and create additional revenues, the Division is requesting funding to hire an additional staff. The Analyst recommended a one-time appropriation of \$61,500 from the GFR-Sovereign Land Management restricted fund for FY 2011. (2) The Department of Natural Resources leadership has requested funding for a backfill for the Division of Water Rights be provided for at least one more year. The Analyst recommended the Subcommittee appropriate \$369,000 one-time from the GFR-Sovereign Land Management restricted fund to the Division of Forestry, Fire and State Lands, and approve a transfer of \$369,000 one-time General Fund from the Division of Forestry, Fire and State Lands to the Division of Water Rights for FY 2011. The Analyst discussed Intent Language which intends that appropriations shall not lapse at the close of FY 2010 and touched upon the Budget Detail Table.

The Analyst concluded his presentation with a brief review of the Forestry, Fire, and State Lands Fees, Issue Brief.

### **Agency Presentation**

Dick Buhler, Director, Division of Forestry, Fire and State Lands, distributed handouts to committee members. The Division provides unique protection to the State's critical watershed and other non-federal lands to ensure sustainability and protection of Utah's valuable renewable resources. He touched upon some of the things the Division is required to do: develop and maintain the central index of lands of the Department of Natural Resources, administer mineral leases on all state lands except SITLA lands, administer and manage land use on sovereign and other division properties, and a special section on Great Salt Lake which defines the state's policies on land use and management of GSL. Director Buhler gave a brief overview of sovereign and state lands management, forestry programs, and fire management. He presented a video detailing the need for fuel mitigation to prevent fire emergencies.

Director Buhler introduced Bill Cox, County Commissioner, Rich County, who spoke to safety and sanitation issues at Bear Lake.

### **Audit Presentation on Coal Fees**

Janice Colman, assisted by Darin Underwood and Kade Minchey, Office of the Legislative Auditor General, provided a "Limited Review of State Agency Regulatory Fees". The report is raising the question of who should pay what portion of the regulatory costs. The overall conclusion of the report is that some regulated industries could pay more of the cost of their regulation through fee increases. If fee increases were done, the General Fund money that is currently covering those regulatory expenditures could potentially be freed up for other uses. The auditors responded to questions from committee members. A discussion followed.

### **Oil, Gas, and Mining: Analyst Presentation**

The Analyst introduced the Oil, Gas, and Mining Budget Brief. The Division regulates exploration for the development of Utah's oil, gas, coal and other mineral resources. When exploration and developmental activities are completed, the Division ensures that oil and gas wells are properly abandon and mining sites are satisfactorily reclaimed. The Analyst commented on the oil and gas well inventory, the increased number of mineral mine permits, and the Intent Language which proposes how to spend monies that could be left over at the close of FY 2010.

The Analyst focused on proposed new coal industry fees appearing in the Oil, Gas and Mining Fees, Issue Brief which will generate \$74,700, possibly offsetting cuts for the Division.

## **Agency Response**

John Baza, Director, Division of Oil, Gas and Mining, assisted by Paula Dupin-Zahn, Finance Manager, addressed the Analyst's presentation and earlier questions from the committee. He commented on the coal fees discussed by the auditors. Todd Bingham, Utah Mining Association, clarified concerns of committee members regarding federal lease payments.

Director Baza discussed the document distributed by the Finance Manager. The role of the Division is to balance appropriate mineral development activities with protection of public values and the environment. Their mission is to ensure oil, gas and mining industry regulatory compliance and site restoration while facilitating mineral resource development activities. They also perform abatement of mining hazards created prior to the existence of government regulatory standards. Director Baza touched upon two challenges for the future. The first, Enhancing Personnel Expertise - the Division has credible technical experts across all programs, such as hydrologists, engineers, and geologists. Having these experts when it comes to the process of mining coal, drilling and producing oil and gas, and other mineral development is a high priority even though sustaining this expertise during tough economic times is a challenge. The second, Technology Application and Information - collection, management, application and dissemination improvements would enhance efficiency and effectiveness.

Jeff Hartley, representing Responsible Energy Developers Forum, Todd Bingham of Utah Mining Association, and Lee Peacock from the Utah Petroleum Association expressed appreciation to managers of the Division of Oil, Gas, and Mining for their continued cooperation, efforts on behalf the industry, and improvements to customer service.

**MOTION:** Rep. Gibson moved to adjourn at 4:21 p.m. The motion passed unanimously.

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Sen. Dennis Stowell, Co-Chair

Rep. Kerry Gibson, Co-Chair

